

TOWNSHIP OF GIRARD
(Branch)
FINANCIAL STATEMENTS

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TOWNSHIP OF GIRARD	County BRANCH
Audit Date 3/31/04	Opinion Date 6/28/04	Date Accountant Report Submitted to State: 8/31/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Accounting Principles for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

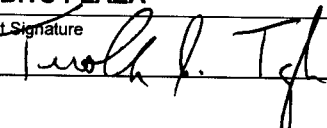
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) RUMSEY & WATKINS, P.C.			
Street Address 20 TIBBITS PLAZA	City COLDWATER	State MI	ZIP 49036
Accountant Signature 		Date 8/31/04	

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Rumsey & Watkins, P.C.

Certified Public Accountants and Business Advisors

20 Tibbits Plaza • Coldwater, Michigan 49036
Phone (517) 279-7931 • FAX (517) 278-7087

June 28, 2004

To the Supervisor and
Members of the Township Board
Township of Girard
Branch County, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the general purpose financial statements of the Township of Girard as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Girard as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Rumsey & Watkins, P.C.

RUMSEY & WATKINS, P.C.

TOWNSHIP OF GIRARD
ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
MARCH 31, 2004

GOVERN-
MENTAL
FUND TYPES

ASSETS

	General
Cash	
Investments	\$ 79,136
Taxes receivable	51,554
Special assessment receivable	5,273
Due from other funds	9,150
Due from other governmental units	1,505
Restricted assets:	39,678
Cash	
Property, building and equipment	21,548
Amount to be provided for general long-term debt	-
	-
Total assets	<u>\$ 207,844</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Due to other funds	\$ -
Accrued expenses	1,559
Deferred revenue	8,418
Bonds payable	-
	<u>9,977</u>
Total liabilities	

FUND EQUITY

Investment in general fixed assets	-
Fund balance:	
Reserved	21,548
Undesignated	176,319
	<u>197,867</u>
Total fund equity	
Total liabilities and fund equity	<u>\$ 207,844</u>

See accompanying notes to financial statements

**FIDUCIARY
FUND TYPES**

ACCOUNT GROUPS

Tax Collection	General Fixed Assets	General Long-Term Debt	TOTALS (MEMORANDUM ONLY)
\$ 1,505	\$ -	\$ -	\$ 80,641
-	-	-	51,554
-	-	-	5,273
-	-	-	9,150
-	-	-	1,505
-	-	-	39,678
-	-	-	21,548
-	225,903	-	225,903
-	-	12,500	12,500
<u>\$ 1,505</u>	<u>\$ 225,903</u>	<u>\$ 12,500</u>	<u>\$ 447,752</u>

\$ 1,505	\$ -	\$ -	\$ 1,505
-	-	-	1,559
-	-	-	8,418
-	-	12,500	12,500
<u>1,505</u>	<u>-</u>	<u>12,500</u>	<u>23,982</u>

-	225,903	-	225,903
-	-	-	21,548
-	-	-	176,319
<u>-</u>	<u>225,903</u>	<u>-</u>	<u>423,770</u>
<u>\$ 1,505</u>	<u>\$ 225,903</u>	<u>\$ 12,500</u>	<u>\$ 447,752</u>

TOWNSHIP OF GIRARD

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE YEAR ENDED MARCH 31, 2004

	Budget	Actual	Over (Under) Budget
REVENUES			
Taxes	\$ 40,000	\$ 43,979	\$ 3,979
Tax administration fee	12,000	15,056	3,056
Special assessments	8,046	8,046	-
Licenses and permits	8,700	10,647	1,947
State shared revenue	125,000	127,362	2,362
Intergovernmental revenue	42,000	39,678	(2,322)
Charges for services	16,150	13,620	(2,530)
Rental income	2,430	2,430	-
Interest earned	2,500	1,193	(1,307)
Reimbursements	200	4,484	4,284
Other	-	3,312	3,312
Total revenues	257,026	269,807	12,781
EXPENDITURES			
General government	169,450	126,457	(42,993)
Public safety	70,800	62,811	(7,989)
Public works	179,871	99,622	(80,249)
Debt service	-	3,700	3,700
Total expenditures	420,121	292,590	(127,531)
Excess (deficiency) of revenues over expenditures	(163,095)	(22,783)	140,312
FUND BALANCE - BEGINNING	163,095	220,650	57,555
FUND BALANCE - ENDING	\$ -	\$ 197,867	\$ 197,867

See accompanying notes to financial statements

TOWNSHIP OF GIRARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Girard conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

REPORTING ENTITY:

The Township operates under an elected board of five members and provides primarily fire protection and road maintenance and construction to the local residents. The general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. The criteria includes oversight responsibility, scope of public service and special financing relationships. There were no component units considered, under this criteria, to be included in these general purpose financial statements.

BASIS OF PRESENTATION:

The financial activities of the Township of Girard are recorded in separate funds and account groups:

GOVERNMENTAL FUNDS

General Fund is the operating fund of the Township. It is used to account for all the Township's financial transactions not required to be accounted for in another fund.

FIDUCIARY FUNDS

Tax Collection Fund is used to account for assets held in trust or as an agent for others. Agency Funds are custodian in nature, assets equal liabilities, and does not involve measurement of results of operations.

ACCOUNT GROUPS

General Fixed Assets Group of Accounts is used to account for all fixed assets of the Township used in its general operations.

General Long-Term Debt Group of Accounts is used to account for all general obligation long-term debts of the Township, including bond and note obligations.

TOWNSHIP OF GIRARD

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED MARCH 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF ACCOUNTING:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used by all funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable.

BASIS OF BUDGETING:

The Township adopted their annual budget based on the modified accrual method of accounting. Expenditures were estimated by functional budgetary center. The fund balance used in their budget was the estimated fund balance from the prior year. Once a budget is approved, it can be amended at the functional level. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are reflected in the official minutes of the Board, and are not made after fiscal year end as dictated by law. Revisions to the budget were made during the year.

ENCUMBRANCE ACCOUNTING:

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances at year end are reappropriated in the next year. No reservation of fund balance equal to outstanding encumbrances is required at March 31, 2004.

TOWNSHIP OF GIRARD

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED MARCH 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

General fixed assets are recorded as expenditures in the General Fund at the time of purchase. Such assets are capitalized at cost in the General Fixed Assets Group of Accounts. Infrastructure general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage and lighting systems, are not capitalized. No depreciation has been provided for general fixed assets.

The Township uses estimates and assumptions in preparing the general purpose financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

Total columns on the general purpose financial statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to consolidation as interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF GIRARD

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED MARCH 31, 2004

NOTE B - CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Township has designated financial institutions for the deposit of Township funds and has authorized the investment in certificates of deposit. The accounts maintained are checking, savings and certificate of deposit and are in accordance with statutory authority. The interest rates of the checking and savings accounts are at variable daily rates. The certificate of deposit is currently earning an interest rate of 1.10%.

Investments consist of certificate of deposits with an original maturity date of greater than three months. The investments carried at cost which approximates market value.

At March 31, 2004, the carrying amount of the Township's deposits was \$153,743 and the bank balance was \$152,465. The differences between the balances are the results of deposits in transit and checks issued by the Township but not yet presented for payment. The risk exposure of the bank balance at March 31, 2004 is as follows:

Insured	
Uninsured	\$ 100,000
	52,465
Total cash, restricted cash and investments	<u>\$ 152,465</u>

TOWNSHIP OF GIRARD

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED MARCH 31, 2004

NOTE C - TAXES RECEIVABLE

The Township is a general law township and local property taxes are levied on December 1 of each year. They were collected by the Township's treasurer from December 1 to February 28.

Taxes receivable represent real property taxes and administrative fees returned delinquent to the County of Branch. The real property taxes and administrative fees in the amount of \$5,273 will be paid to the Township by the County of Branch in April 2004.

NOTE D - SPECIAL ASSESSMENT RECEIVABLE

A special assessment district has been established for local road improvements. The Township has issued the 1997 special assessment bonds limited tax obligations to finance the road improvements and will assess the particular residents their cost of the improvements over a ten year period. The special assessment receivable due the Township does not bear interest.

In accordance with GASB #6, the special assessment receivable has been recorded in the general fund. The special assessment receivable, at March 31, 2004, can be summarized as follows:

Delinquent	\$	732
Current		2,806
Deferred		5,612
Total	\$	<u>9,150</u>

The current and deferred special assessments receivable will be levied during the year ended March 31, 2005 and subsequent years and, therefore, is recorded as deferred revenue until levied and realizable.

NOTE E - DUE FROM/TO OTHER FUNDS

The due from other funds in the amount of \$1,505 is payable from the Tax Collection Fund to the General Fund.

TOWNSHIP OF GIRARD

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED MARCH 31, 2004

NOTE F - PROPERTY, BUILDING AND EQUIPMENT

Changes in property, building and equipment are as follows:

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Land	\$ 83,002	\$ -	\$ -	\$ 83,002
Building	47,433	-	-	47,433
Equipment	39,348	4,875	-	44,223
Fire equip- ment	51,245	-	-	51,245
Total	\$ 221,028	\$ 4,875	\$ -	\$ 225,903

NOTE G - RESTRICTED ASSETS/RESERVED FUND BALANCE

The restricted asset represents cash received from special assessments to be used for future construction or maintenance of private roads within the Township or repayment of the special assessment bonds.

NOTE H - GENERAL LONG-TERM DEBT

Interest expense for the year ended March 31, 2004 amounted to \$700 in the General Fund.

The following is a summary of the long term obligations for the Township:

1997 Special Assessment Bonds Limited Tax Obligation, at an interest rate of 5%, annual principal payments ranging from \$3,000 to \$3,500, due April, 2007	\$ 12,500
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TOWNSHIP OF GIRARD

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED MARCH 31, 2004

NOTE H - GENERAL LONG-TERM DEBT - Continued

The annual requirements to service all debt outstanding as of March 31, 2004, including interest payments of \$1,525 for the general long-term debt, is as follows:

Year Ending March 31,	
2005	\$ 4,125
2006	3,450
2007	3,300
2008	3,150
Total	<u>\$ 14,025</u>

The changes in general long-term debt during the year ended March 31, 2004 may be summarized as follows:

	Balance April 1, 2003	Additions	Reductions	Balance March 31, 2004
Bonds payable \$	<u>15,500</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 12,500</u>

NOTE I - COMPLIANCE WITH STATE REGULATIONS

State of Michigan Public Laws require that a local unit not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted by the functional level.

During the year, the Township incurred expenditures in the General Fund, which were in excess of the amounts appropriated.

TOWNSHIP OF GIRARD

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED MARCH 31, 2004

NOTE J - COMMITMENTS

The Township has entered into an agreement with the City of Coldwater to provide fire protection at an annual expense ranging from \$36,601 to \$38,830 through June 2007. The Township has also entered into an agreement with the Village of Tekonsha to provide fire protection at an annual expense that is based on the current year fire department budget. The agreement will continue through July 2004.

NOTE K - RISK MANAGEMENT

The Township of Girard is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries. The Township has purchased commercial insurance for the coverage of the above discussed events.

Rumsey & Watkins, P.C.

Certified Public Accountants and Business Advisors

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Phone (517) 279-7931 • FAX (517) 278-7087

June 28, 2004

To the Supervisor and
Members of the Township Board
Township of Girard
Branch County, Michigan

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

In connection with our audit of the general purpose financial statements of the Township of Girard for the year ended March 31, 2004, the accompanying additional information, as listed in the table of contents, is submitted as additional analytical data. Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such additional information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Rumsey & Watkins, P.C.
RUMSEY & WATKINS, P.C.

TOWNSHIP OF GIRARD
 ADDITIONAL INFORMATION
 GENERAL FUND
 STATEMENT OF EXPENDITURES COMPARED TO BUDGET
 FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
GENERAL GOVERNMENT			
TOWNSHIP BOARD			
Trustees salaries	\$	\$ 2,245	\$
Payroll taxes		4,935	
Professional fees		2,100	
Tax preparation fees		301	
Insurance and bonds		5,237	
Dues		931	
Postage		1,347	
Education		235	
Contracted services		5,310	
Street lights		1,838	
Miscellaneous		336	
Capital outlay		4,875	
	<hr/>	<hr/>	<hr/>
Total Township Board expenditures	36,750	29,690	(7,060)
ASSESSOR			
Board of review salaries		1,555	
Computer supplies		717	
Contract labor		11,550	
Printing and publication		580	
	<hr/>	<hr/>	<hr/>
Total Assessor expenditures	17,300	14,402	(2,898)
SUPERVISOR			
Salaries	13,000	11,105	(1,895)

TOWNSHIP OF GIRARD

ADDITIONAL INFORMATION

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - Continued
FOR THE YEAR ENDED MARCH 31, 2004

	Budget	Actual	Over (Under) Budget
GENERAL GOVERNMENT - Continued			
ELECTIONS			
Printing and publication		53	
Supplies		282	
Total Elections			
expenditures	4,000	335	(3,665)
CLERK			
Salary		14,623	
Office supplies		549	
Computer supplies		726	
Travel		30	
Total Clerk expenditures	21,900	15,928	(5,972)
TREASURER			
Salary		17,964	
Office supplies		804	
Computer supplies		297	
Drains		3,267	
Miscellaneous		474	
Total Treasurer			
expenditures	26,500	22,806	(3,694)
CEMETERY			
Salaries		4,634	
Repair and maintenance		4,936	
Contract labor		17,532	
Miscellaneous		705	
Total Cemetery			
expenditures	36,000	27,807	(8,193)

TOWNSHIP OF GIRARD

ADDITIONAL INFORMATION

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - Continued
FOR THE YEAR ENDED MARCH 31, 2004

	Budget	Actual	Over (Under) Budget
GENERAL GOVERNMENT - Continued			
TOWN HALL			
Office supplies		562	
Insurance and bonds		1,423	
Utilities		2,399	
Total Town Hall expenditures	14,000	4,384	(9,616)
Total General Government expenditures	169,450	126,457	(42,993)
PUBLIC SAFETY			
PLANNING COMMISSION			
Salaries		11,565	
Office supplies		9	
Travel		344	
Printing and publications		2,048	
Education		25	
Total Planning Commission expenditures	20,800	13,991	(6,809)
FIRE PROTECTION			
Insurance and bonds		296	
Contracted services		47,699	
Miscellaneous		825	
Total Fire Protection expenditures	50,000	48,820	(1,180)
Total Public Safety expenditures	70,800	62,811	(7,989)

TOWNSHIP OF GIRARD

ADDITIONAL INFORMATION

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - Continued
FOR THE YEAR ENDED MARCH 31, 2004

	Budget	Actual	Over (Under) Budget
PUBLIC WORKS			
Road maintenance and construction	179,871	99,622	(80,249)
DEBT SERVICE			
Principal payments		3,000	
Interest expense		700	
Total debt service	-	3,700	3,700
Total expenditures	\$ 420,121	\$ 292,590	\$ (127,531)

TOWNSHIP OF GIRARD
 ADDITIONAL INFORMATION
 TAX COLLECTION FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED MARCH 31, 2004

	Balance April 1, 2003	Receipts	Disburse- ments	Balance March 31, 2004
ASSETS				
Cash	\$ 25	\$ 1,417,761	\$ 1,416,281	\$ 1,505
LIABILITIES				
Due to other funds	\$ 25	\$ 74,203	\$ 72,723	\$ 1,505
Due to Schools	-	414,013	414,013	-
Due to Branch County:				
County operations	-	398,783	398,783	-
Intermediate School	-	306,768	306,768	-
State Education	-	223,994	223,994	-
Total liabilities	\$ 25	\$ 1,417,761	\$ 1,416,281	\$ 1,505

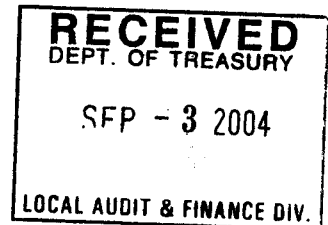
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June 28, 2004

To the Supervisor and
Members of the Township Board
Township of Girard
Branch County, Michigan



During our audit as of and for the year ended March 31, 2004, we noted the following items which we would like to comment on further:

GOVERNMENTAL ACCOUNTING STANDARDS

The Governmental Accounting Standards Board has issued Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Governments with less than \$10 million in revenues will apply this Statement for periods beginning after June 15, 2003. This Statement will change the financial statement presentation for the Board and require written management discussions to be included within the financial statements. As we discussed in prior management letters, this issue appeared to be in the distant future, however, as the date indicates the Board must implement the new financial statement requirements for the next audit.

The Township must first decide whether they want to comply with the requirements of GASB 34. Many local governmental units have expressed dissatisfaction with GASB 34, in that they feel the cost of implementing the statement exceeds the benefit of the additional information. The Local Audit and Finance Division of the Treasury Department of the State of Michigan is responsible for overseeing compliance. The Local Audit Division has determined that omission of various items required by GASB 34 will not result in any sanctions or in a request for remediation. The only issue of concern is the auditor's opinion may need to be modified for departures from generally accepted accounting principles, and would result in an adverse opinion. Based on the current situation of the Township, we feel the effort and additional cost required could exceed the value of the additional information generated and would provide little, if any, benefit. This will need to be an item discussed at the board level. After reviewing this letter, we would be glad to discuss any of these matters further with you and assist in the implementation.

Rumsey & Watkins, P.C.
RUMSEY & WATKINS, P.C.